

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 456 final

Brussels, 19 July 1980

Proposal for a  
COUNCIL REGULATION (EEC)  
amending Regulation (EEC) No 1488/76 laying down provisions for  
the introduction of a system of minimum stocks in the sugar  
sector

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## EXPLANATORY MEMORANDUM

1. Starting with the 1976/77 sugar production year a system of minimum sugar stocks was introduced. This placed an obligation on sugar manufacturers and sugar refiners to store, permanently, at least 10 % of certain quantities of refined sugar.

This system, and the percentage referred to, were provided for in Article 18 in the new basic sugar Regulation (EEC) No 3330/74 in order to ensure normal supplies of sugar in the whole Community or one of its regions. The innovatory nature of the scheme was the result of the shortage situation at that time on the Community and world markets, when world prices reached levels four times higher than Community prices and the Community was obliged to import about 500.000 tonnes of sugar from third countries with import subsidies. It was a period in which Community sugar production was less than consumption.

This situation led the Community firstly to establish the system in principle and later to specify the 10 % stocking obligation.

Since then the Community's supply situation has changed completely. Since the 1977/78 sugar year the excess of Community production over consumption has regularly been of the order of 2 mio tonnes. So the Commission believes that it is appropriate to introduce more flexibility into the scheme and for this purpose to provide the necessary instruments.

In these circumstances what is required is an appropriate procedure which, when necessary, would allow the Commission, acting within the framework of the day-to-day management of the sugar markets, to change the percentage.

2. This proposal covers arrangements of a purely procedural character. It would not, of itself, involve any financial implications.

In the event that the Commission used these arrangements there would be a reduction in storage costs (financed by FEOGA-Guarantee) and in storage levies (own resources). There would be larger supplies available to the internal market. Also the increase in quantities liable to be exported would involve economies when the world market price was high.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 3330/74 of 19 December 1974 on the common organisation of the market in sugar (1), as last amended by Regulation (EEC) No 1396/78 (2), and in particular Article 18(3) thereof,

Having regard to the proposal from the Commission,

Whereas Council Regulation (EEC) No 1488/76 (3) introduced the system of minimum stocks provided for in Article 18 of Regulation (EEC) No 3330/74; whereas Article 1 of Regulation (EEC) No 1488/76 lays down that the minimum stock of each sugar manufacturer and of each refiner of preferential sugar may not be less than 10 % of a certain quantity of, respectively, manufactured or refined sugar; whereas this percentage was laid down at a time when the production of sugar in the Community was less than consumption; whereas, this supply situation having completely changed, it is appropriate to provide henceforth that this percentage may be changed within the framework of the day-to-day management of the sugar market,

HAS ADOPTED THIS REGULATION :

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- (1) OJ No L 359, 31.12.1974, p.1.  
(2) OJ No L 170, 28. 3.1978, p.1.  
(3) OJ No L 167, 26. 6.1976, p.11.

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Article 1

Regulation (EEC) No 1488/76 is hereby amended as follows :

1. The following is added as the second paragraph of Article 1 :

"However, the percentages laid down in the first paragraph may be changed to the extent that such changes are not liable to impede the objectives of Article 18 of Regulation (EEC) No 3330/74. The changed percentages may not be less than 5 % or higher than 10 %."

2. Article 7 shall be replaced by the following :

Article 7

Detailed rules for the application of this Regulation, the changes referred to in the second paragraph of Article 1, the amount laid down in Article 6 and any derogations from Article 2, shall be adopted in accordance with the procedure laid down in Article 36 of Regulation (EEC) No 3330/74."

Article 2

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council